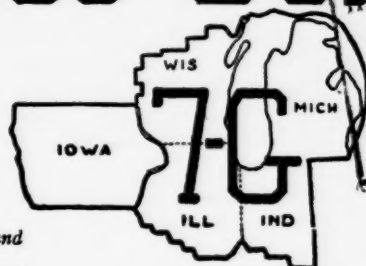


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



APR 1 1933

RESERVE  
DISTRICT

EUGENE M. STEVENS, *Chairman of the Board and  
Federal Reserve Agent*  
CLIFFORD S. YOUNG, *Asst. Federal Reserve Agent*

GEORGE A. PRUGH, *Asst. Federal Reserve Agent*  
HARRIS G. PETT, *Manager*  
*Division of Research and Statistics*

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## General Summary

**B**USINESS conditions in the Seventh district during the month of February were adversely affected by banking disturbances and "holidays" widely prevalent during the latter half of the month.

Automobile production, for instance, totaled less than in January, counter to seasonal trend, and was below the small volume recorded last February. The steel business remained about the same as in the preceding month, with operations receding toward the end of February. Shipments from steel and malleable casting foundries declined instead of gaining as is usual for the period, and orders booked likewise fell off. Building construction was even more limited in volume than in January, partly due to weather conditions, and the movement of materials was light except at retail yards where fuel furnished a large portion of the business. Furniture manufacturers had heavier shipments than a month previous, but the expansion was considerably less than seasonal. Shoe production furnished an exception to these unfavorable trends, totaling greater than in either the preceding month or a year ago, and shipments by stove and furnace manufacturers recorded a heavier gain than usual over January. Employment data showed an increase in the number of men but declines in payrolls.

Production of meats and butter declined in February from the preceding month—a seasonal trend—but the manufacture of cheese expanded, though to a lesser extent than usual. Sales of meat-packing products likewise totaled smaller during the month, while distribution of butter and cheese was larger, sales of the latter com-

modity being also greater than a year ago. The movement of grain in February continued below normal for the season.

Most merchandising phases of activity compared unfavorably with January. In wholesale trade, with the exception of groceries and hardware, reporting groups experienced greater than usual or contrary to seasonal declines. Department store sales decreased more than is customary, although trade in certain cities not affected by bank holidays showed improvement over others. The retail furniture trade failed to expand as much as usual, and the retail shoe and the chain store trades experienced recessions.

In credit phases, borrowing at the Reserve bank in the first week of March reached a high point since the end of 1929, as a result of sharply increased demand for currency immediately preceding the national banking holiday. The volume was reduced substantially, however, in the following week. Money rates also showed a marked upward trend in the early part of March.

## Credit Conditions and Money Rates

An increase in demand for currency of 414 million dollars, during the period February 15 to March 15, was the outstanding factor making for increased member bank borrowing which expanded almost 43½ millions. The rise in currency demand, the outgrowth of banking disturbances, has been steady in this district since early in January, and the peak was reached in the days immediately preceding the national "bank holiday"; however, for the week ended March 15, the demand had shown a drop of approximately 145 millions. The factors tending to decrease member bank recourse to the Reserve bank include 177 million dollars in funds gained through inter-district settlements for commercial and financial transactions, 152 millions less in member bank reserve balances, and increases of approximately 36 millions each in holdings of acceptances and U. S. securities by the Reserve bank (both local transactions). These four items, however, totaled less than those making for an increase, so that the gain indicated above was effected in member bank borrowings. All factors affecting member bank borrowing are set forth in detail in the accompanying tabulation.

### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	Mar. 15 1933	CHANGE FROM Feb. 15 1933	Mar. 16 1932
Total Bills and Securities.....	\$ 690.5	\$ +413.5	\$ +513.9
Bills Discounted.....	62.2	+43.4	+7.5
Bills Bought.....	93.1	+89.3	+78.1
U. S. Government Securities.....	415.2	+160.8	+308.3
Total Reserves.....	676.2	-242.2	+4.5
Total Deposits.....	269.7	-148.5	+12.2
Federal Reserve Notes in Circulation.....	1,067.8	+320.0	+510.5
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	50.5	-28.2*	-31.9*

\*Number of Points.

## FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between February 15 and March 15, 1933

(In millions of dollars)

Changes making for increase in member bank borrowing:

1. Increase in demand for currency.....	414.19
2. Increase in non-member clearing balances.....	12.17
3. Excess of local Treasury receipts over expenditures.....	10.67
4. Increase in special deposits—member bank.....	3.43
5. Increase in special deposits—non-member bank.....	1.62
6. Decrease in reserve bank float.....	1.41
7. Increase in unexpended capital funds.....	1.13
8. Sales of gold to industry.....	0.08

Total..... 444.70

Changes making for decrease in member bank borrowing:

1. Funds gained through inter-district settlements for commercial and financial transactions.....	177.33
2. Decrease in member bank reserve balances.....	152.01
3. Increase in holdings of acceptances by the Reserve bank (local transactions).....	36.18
4. Increase in holdings of U. S. securities by the Reserve bank (local transactions).....	35.78

Total..... 401.30

Excess of changes making for increase in member bank borrowing: 43.40

Absorption of this excess: Increase in member bank borrowings (discounts for member banks)..... 43.40

The prevailing rate on customers' commercial loans as reported by Chicago down-town banks during the week ended March 18 was  $4\frac{1}{2}$  to 5 per cent, whereas the range reported in the middle of February had been  $3\frac{1}{2}$  to 5 per cent. The average rate earned on loans and discounts during the calendar month of February by down-town Chicago banks was 3.90 per cent, as against 3.99 in January and 4.77 in February 1932.

Commercial paper sales in the Middle West showed a seasonal recession of 24 per cent in February from January and, owing to a continuation of restricted borrowing and light demand, totaled 55 per cent less than a year ago and 88 per cent under the 1923-32 average for the month. A slight reduction in outstandings also took place during the period. After remaining at a low level in February, selling rates advanced progressively and, upon a resumption of business following the banking holiday, were quoted on March 15 at 4 and  $4\frac{1}{2}$  per cent for prime short-term obligations to  $4\frac{1}{2}$  and 5 per cent for longer maturities or less well-known paper; the bulk of the sales took place at  $4\frac{1}{2}$  per cent.

With the exception of considerable activity in the week ended February 21, operations of dealers in the Chicago bill market were almost negligible from February 9 to March 15. Local purchases in the week mentioned, however, were sufficiently large to cause total supply for the five weeks to be within  $4\frac{1}{2}$  per cent of that obtaining from January 12 to February 8. As distribution showed a similar change from the preceding period and was 44 per cent in excess of last year, dealers, as in preceding periods, were unable to accumulate any bills in their own portfolios. Rates advanced sharply; quotations for March 15 were  $3\frac{5}{8}$  to  $4\frac{1}{8}$  per cent, as compared with only  $\frac{1}{4}$  to  $\frac{5}{8}$  per cent which prevailed on February 8.

New financing by means of bankers' acceptances increased  $53\frac{1}{2}$  per cent in February over January—contrary to the usual tendency—and was  $5\frac{1}{2}$  per cent in excess of the 1923-32 average for the month, though aggregating much less than in February of 1930, 1931, or 1932. An expansion in the direct discounting of these bills together with a similar gain in purchases of other banks' acceptances caused total purchases to exceed those of any previous month since August 1931. Although sales increased sharply over January, they were considerably under the volume of current purchases. Portfolios, never-

theless, showed a reduction of 2 per cent from a month earlier, as maturities took place in large amounts during the period. New financing by means of acceptance credits decreased 34 per cent in the first half of March, as compared with the corresponding weeks of February.

## TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

PER CENT CHANGE IN FEBRUARY 1933 FROM

	JANUARY 1933	FEBRUARY 1932
Total value of bills accepted.....	+53.6	-36.1
Purchases (including own bills discounted).....	+43.4	+1.9
Sales.....	+654.7	-14.2
Holdings*.....	-2.2	+190.8
Liability for outstandings*.....	-0.3	-26.4

\*At end of month.

## SECURITY MARKETS

Activity in the Chicago bond market during February was limited and continued to be concentrated in the high-grade issues. New offerings for the month were very light in volume, and even municipal issues, which in recent months have constituted a considerable percentage of the new offerings, were curtailed. Prices during February indicated a declining tendency, owing in part to the liquidation which preceded the bank moratorium. Prices on the Chicago Stock Exchange moved gradually downward throughout all of February. Upon the reopening of the Exchange in March, however, a slight advance was recorded; the average price of twenty leading stocks\* amounted to \$21.08 on March 18, as compared with \$19.28 on the corresponding day in February.

\*Chicago Journal of Commerce.

## Agricultural Products

Planting intentions on March 1 of farmers in the Seventh Federal Reserve district indicated a moderate reduction in corn, oat, barley, spring wheat, tobacco, bean, and onion acreage this spring from 1932. On the other hand, indications are that a somewhat larger area than last year will be devoted to hay and legumes.

## GRAIN MARKETING

Continued inactivity characterized grain markets during February, with the movement at interior markets much below average, exports recording a further decline, and prices averaging about the same as in January. Wheat receipts at primary centers, which were the lowest for any month in our records, declined 25 per cent from January, in contrast to a five-year average increase of 17 per cent. Reshipments were likewise at a new low point, declining somewhat more than seasonally from the small volume of January. In comparison with the five-year February average, receipts were lower by 62 per cent and shipments by 41 per cent. Exports were practically negligible, being the smallest in our records with the ex-

## VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	FEB. 1933	JAN. 1933	FEB. 1932
Chicago.....	\$1,665	-4.6	-13.0
Detroit, Milwaukee, and Indianapolis.....	469	-40.8	-46.4
Total four larger cities.....	\$2,134	-15.9	-23.5
31 smaller centers.....	312	-29.3	-37.2
Total 35 centers.....	\$2,446	-17.9	-25.6

NOTE: Banks in ten centers in the state of Michigan were closed during part of the month of February on account of special holiday proclaimed by the Governor.

ception of February 1931. A further reduction of about 9 million bushels occurred in the United States visible supply during February, and on March 11 the figure was 65 millions below the corresponding date of 1932. The total was also 20 million bushels lower than at the beginning of the season, last July 1, while in the same period a year ago an increase of more than 18 million bushels took place. Stocks in all other positions at the present time are only moderately larger than a year ago, so that domestic supplies overhanging the market are less burdensome and less concentrated in the large market centers than has been the case for some time. The February price level of both cash and future wheat changed little from January, but on March 16, upon the reopening of the exchanges after the bank holiday, futures gained 5 cents and cash transactions about 7 cents over the March 3 closing.

The movement of feed grains, while less than half the five-year average for February, declined less sharply from January than did that of wheat, receipts of corn, in fact, showing an increase. Receipts of both corn and oats were smaller than for any February in our records, and shipments also the lowest excepting February 1932. Exports of these grains, though not of significant volume, have recently averaged considerably above last year. Corn exports since November 1 have amounted to 4 million bushels against a little over one million a year ago, while those of oats have totaled nearly  $4\frac{1}{2}$  millions since July 1, as compared with  $3\frac{1}{2}$  millions for the same period last year. Visible supplies of these grains continue much larger than a year ago, changes during recent weeks having shown a considerable increase for corn and a moderate decline in oats. Prices of both corn and oats were rather weak in the latter part of February and up to the suspension of trading on March 4, but gains were recorded, as in the case of wheat, when the exchanges opened March 16.

#### MOVEMENT OF LIVE STOCK

At public stock yards in the United States, cattle and lamb receipts decreased less than seasonally in February from January; those of hogs and calves, however, fell off more than is customary. The volume of each declined from a year ago and, with the exception of lambs, continued to show a marked recession from the 1923-32 average for the month. Lamb receipts remained considerably above this average. The movement to inspected slaughter (including direct shipments in addition to market receipts) reflected similar changes, except that the number of cattle declined only slightly from last year

and from the usual February level. Prices of cattle and hogs have advanced in recent weeks.

Reshipments to feed lots were relatively small during February, although they decreased from January to a lesser extent than is customary.

#### MEAT PACKING

Changes in activity at slaughtering establishments in the United States were largely seasonal during February. The volume of production decreased  $17\frac{1}{2}$  per cent from January—as compared with a seasonal recession of  $15\frac{1}{2}$  per cent—so that the decline of  $13\frac{1}{2}$  per cent from a year ago and of 12 per cent from the 1923-32 average was slightly greater than had been evidenced a month earlier. However, payrolls at the close of the period reflected a falling-off from January of only 2 per cent in number of employees, 3 per cent in hours worked, and of 4 per cent in amount of wage payments. The total value of sales billed to domestic and foreign customers declined 3 per cent in February from the preceding month and 16 per cent from last February. That price levels were an important factor in determining the size of these changes is evidenced by the fact that the sales tonnage decreased  $13\frac{1}{2}$  per cent from January but only 4 per cent from a year ago and the 1923-32 average for the month. Quotations of pork hams, bellies, smoked meats, and the better grades of veal and lamb advanced in February over January; beef held fairly steady; and the price of lard, barreled pork, sweet pickled picnics, and the lower grades of veal and lamb declined. However, quotations for practically all pork products rose sharply during the first half of March. Inventories of these commodities in the United States showed less than a seasonal expansion on March 1 over the beginning of February and recorded larger recessions from 1932 and the 1928-32 average than had been evidenced a month earlier.

As a consequence of new import duties becoming effective in Germany on February 15 and because of a continuation of the quota system in the United Kingdom, total shipments for export declined sharply in February from January. Demand for lard, from stocks already landed abroad, was especially active in Germany during the first half of the month but fell off later; trade for this commodity was fair in the United Kingdom. On the other hand, demand for meats remained on a restricted basis. Very little forward buying in either of these commodities was reported. European quotations for American lard and fats continued to command a premium over those in the United States, but prices of meats remained at a discount. United States inventories of packing-house commodities in foreign markets (inclusive of stocks in transit) declined on March 1 from the beginning of February.

#### DAIRY PRODUCTS

Although February production of creamery butter in the Seventh Federal Reserve district decreased 7 per cent from January—as compared with a seasonal recession of only 3 per cent—and totaled  $7\frac{1}{2}$  per cent less than a year ago, it exceeded the 1923-32 February average by 5 per cent. The sales tonnage expanded 3 per cent over the preceding month, contrary to the usual tendency, and was 8 per cent above the seasonal level, but remained  $1\frac{1}{2}$  per cent below last year. United States manufacture of the commodity showed a trend similar to that in the Seventh district, but consumption in the country as a

#### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, February 1933.....	151	716	289	79
Federally Inspected Slaughter, United States February 1933.....	569	3,647	1,250	317
January 1933.....	612	4,700	1,332	345
February 1932.....	583	4,590	1,439	360

#### AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	Mar. 18 1933	Feb. 1933	Jan. 1933	Feb. 1932
Native Beef Steers (average).....	\$5.35	\$4.85	\$5.00	\$6.40
Fat Cows and Heifers.....	4.40	3.90	3.85	4.35
Calves.....	5.40	6.40	5.20	6.80
Hogs (bulk of sales).....	3.95	3.50	3.15	3.90
Yearling Sheep.....	4.60	4.70	4.75	4.70
Lambs.....	5.50	5.65	5.90	6.15



whole was only fair. Inventories of creamery butter in the United States, therefore, declined less than a seasonal amount on March 1 from the beginning of February. These holdings, however, were somewhat less than in 1932 and only half as great as the 1928-32 average for March 1. Prices declined 5 per cent in February from January.

The Wisconsin production of American cheese increased in the five weeks ended March 4 only  $1\frac{1}{2}$  per cent over the preceding period and was  $5\frac{1}{2}$  per cent below the 1928-32 seasonal level. Distribution, on the other hand, expanded more than a customary amount, being  $29\frac{1}{2}$  per cent in excess of current manufacture and 9 per cent greater than a year ago. Prices declined sharply from the preceding period. Total inventories of cheese in the United States decreased somewhat less than usual on March 1 from the beginning of February, but remained below a year ago and the 1923-28 average for that date.

### Industrial Employment Conditions

Seventh district industrial employment, as of the middle of February, increased from a month earlier in about the same degree as at the same time last year, but total wage payments of reporting establishments recorded the first February decline in recent years, and reached a level only fractionally above the low point of last September.

Manufacturing industry gained nearly 2 per cent in employment, which is slightly greater than the usual seasonal increase, while payrolls declined  $6\frac{1}{2}$  per cent, representing the first February recession in our records of the past nine years which show an average expansion of  $4\frac{1}{2}$  per cent. This trend in payrolls was again determined largely by the vehicles group which, due to the predominance of the automobile industry in this district, is able to offset contrary trends in a majority of smaller industries. Although employment remained constant in the vehicles group, payrolls reversed the upward trend of the previous four months with a 20 per cent contraction, which contrasts with significant gains for February of each previous year in our records. Gains in both employment and payrolls were reported by six manufacturing groups. With the exception of metal products these increases were among the smaller groups, namely, rubber, textiles, wood, leather, and chemicals. The increases corresponded roughly to the seasonal trend in all these in-

dustries except rubber products, which has shown wide variation in the trend for February of previous years. The food products and paper and printing groups made small but contrary to seasonal gains in number employed, accompanied by moderate losses in payrolls. The stone-clay-glass group continued the downward trend of the preceding three months in employment but made no change in payrolls.

Non-manufacturing totals were somewhat lower than a month earlier. Contributing to the downward trend were construction, which continued the sharp contraction in evidence for several months, and merchandising, which showed moderate losses in both number employed and wage payments. The utilities made no significant change, and coal mining gained considerably in payrolls, recovering the loss reported in January, while employment in this latter group was only moderately higher.

### Manufacturing

#### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Largely owing to banking disturbances in Michigan during the latter half of the month, February production of automobiles failed to expand over January, as is customary. Output of passenger automobiles in the United States totaled only 91,340 for the period, or 16 per cent less than a month previous and 3 per cent below last February when production also declined from the preceding month. Trucks produced this February numbered 15,322, representing a decline of 29 per cent from January and of 34 per cent from a year ago.

Distribution of automobiles in this district also showed a decrease in February from a month previous, contrary to seasonal trend, and totaled considerably under the corresponding month last year. Sales of representative distributors reporting to this bank aggregated 25 per cent smaller in number in the monthly comparison and were only half those of a year ago. Although the volume of cars sold by retail dealers totaled 13 per cent below January and 38 per cent under last year, a number of dealers sold more cars than either a month or a year previous. Similarly, used car sales declined in both the monthly and yearly comparisons, but almost half the dealers had heavier sales in the former comparison and about one-third in the latter. Stocks of new cars on hand at the end of February were somewhat lighter than at the close of January, doubtless a reflection of curtailed production, and remained much smaller than average. The ratio of deferred payment sales to total sales of identical dealers reporting the item showed a slight increase over January but was smaller than a year ago.

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF FEBRUARY 15, 1933			CHANGE FROM JANUARY 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products <sup>1</sup> .....	701	104,888	1,641	+3.1	+6.4
Vehicles.....	135	156,537	2,582	-0.0	-20.2
Textiles and Products.....	141	28,277	409	+4.9	+14.7
Food and Products.....	333	52,603	991	+1.2	-2.4
Stone, Clay, and Glass.....	129	4,492	76	-1.4	+0.0
Wood Products.....	254	17,479	182	+4.9	+12.2
Chemical Products.....	109	11,944	255	+2.4	+2.1
Leather Products.....	75	16,239	228	+3.6	+10.8
Rubber Products <sup>2</sup> .....	8	5,041	86	+11.1	+4.3
Paper and Printing.....	291	36,520	756	+0.8	-3.2
Total Mfg., 10 Groups.....	2,176	434,020	7,206	+1.8	-6.5
Merchandising <sup>3</sup> .....	207	29,916	568	-2.1	-3.3
Public Utilities.....	76	77,086	2,168	+0.3	-0.2
Coal Mining.....	17	2,411	54	+1.8	+6.3
Construction.....	330	5,817	93	-13.7	-21.8
Total Non-Mfg., 4 Groups.....	630	115,230	2,883	-1.1	-1.6
Total, 14 Groups.....	2,806	549,250	10,089	+1.1	-5.1

<sup>1</sup> Other than Vehicles. <sup>2</sup> Michigan and Wisconsin. <sup>3</sup> Illinois and Wisconsin.

#### MIDWEST DISTRIBUTION OF AUTOMOBILES Changes in February 1933 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY 1933	FEBRUARY 1932	JANUARY 1933	FEBRUARY 1932
<b>New Cars</b>				
Wholesale—				
Number Sold.....	-25.4	-49.5	20	13
Value.....	-26.1	-60.0	20	13
Retail—				
Number Sold.....	-12.9	-38.0	59	36
Value.....	-10.2	-52.7	59	36
On Hand February 28				
Number.....	-9.0	-45.4	59	36
Value.....	-13.1	-51.8	59	36
<b>Used Cars</b>				
Number Sold.....	-8.1	-33.0	59	36
Salable on Hand—				
Number.....	+2.5	-36.6	59	36
Value.....	+3.8	-58.5	59	36

## IRON AND STEEL PRODUCTS

The February volume of business in the steel industry of the Chicago district showed little change from that of the first month of the year and, as in other lines of activity, diminished somewhat toward the end of the month because of the prevalence of bank holidays. From an average of 18 per cent of capacity in the middle of the month, the rate of steel ingot output declined gradually to only 13 per cent in the first week of March, at which rate it remained through the middle of the month. Pig iron production in the Indiana and Illinois district rose slightly in the daily average for February. Finished steel prices have continued steady, and the scrap iron and steel market likewise has changed little since the first of the year.

The declines shown during February in shipments from steel and malleable casting foundries of the Seventh district were contrary to trend for the period. The tonnage of steel castings shipped fell off 16½ per cent from the preceding month, while that of malleable castings receded only 3 per cent. The volume was 37½ and 32 per cent, respectively, under a year ago. Orders booked for steel castings totaled 18 per cent smaller in tonnage than a month previous and 29 per cent under last February; the tonnage of malleable castings booked declined 3 and 26 per cent in the respective comparisons. Production of steel castings was reduced in line with the smaller volume of shipments, but that of malleable castings was accelerated slightly—5 per cent. Data furnished by stove and furnace manufacturers in the district recorded heavier than usual expansion in February shipments over those of January, and new orders likewise gained considerably—86 per cent. Despite this improvement, shipments totaled 24 per cent smaller than for last February and orders 26 per cent less.

## FURNITURE

February orders booked by furniture manufacturers reporting to this bank registered in the aggregate but little change from a month previous and totaled 19 per cent below the volume of a year ago. Shipments were 15 per cent in excess of those of January—about half the increase shown in the six-year February average—following upon the January gain in orders booked, which also was about half as great as usual. Unfilled orders outstanding at the close of February amounted to 76 per cent of current orders booked, or approximately five points under the ratio obtaining a month previous.

Operations averaged 20 per cent of capacity, as compared with 22 per cent in January and 32 per cent in February a year ago.

## SHOE MANUFACTURING, TANNING, AND HIDES

Manufacturing operations at shoe factories in the Seventh Federal Reserve district showed a further expansion of 16½ per cent in February and were 8 per cent larger than a year ago, though 9 per cent below the 1923-32 average for the month. Also, tanneries reported heavier production and sales than in January, but sales were less than those of last February. Prices remained practically unchanged from the preceding month.

A slightly larger volume of packer green hides was sold at Chicago than in January, but trading for calf and kip skins was less active. Moreover, shipments of these commodities from the city and purchases by district tanneries decreased. Prices declined.

## Building Materials, Construction Work

Seventh district building material lines, with the exception of retail yards, experienced an unfavorable month in February. Banking difficulties in portions of the district together with the prevalence of severe weather during part of the month retarded the small amount of construction work which was under way.

The value of lumber sold by reporting wholesale yards was 1½ per cent less than in January, which compares with an average increase for the month in the previous five years of 11 per cent. The board-foot volume of sales declined 20½ per cent, as against a five-year average gain of nearly 10 per cent. A shift in demand to higher priced items than in January probably accounted for the greater decline in board feet than in dollar value, as prices, though more stable than in the past year, have not shown sufficient strength to produce this variation in trend. February operations at these yards were more than 30 per cent under a year earlier. Despite the small volume of sales, stocks continued to decline. Accounts were lowered in proportion to dollar sales so that the accounts-sales ratio remained practically unchanged.

Total dollar sales by retail yards gained 12 per cent during February over January, in contrast to a small decline in the five-year average for the period, and the 15 per cent loss from a year earlier was the smallest in any month since December 1931. Apparently fuel sales, stimulated by weather conditions which, on the other hand, restricted demand for building materials, contributed largely to this increase. A 24 per cent decline in board-foot sales of lumber was shown for yards representing more than half of the total dollar sales. The 4 per cent gain in dollar sales of lumber at 34 yards reporting this item can hardly be considered as representing the general trend, inasmuch as several of the larger firms report only the volume of lumber sold and not the value. Stocks were further reduced at some yards, and totaled below a year ago in practically all cases. Satisfactory collections were indicated by the considerable reduction in the accounts-sales ratio, which was below the year-ago figure for the first time since December 1931.

Demand for cement and clay products continued at a minimum. Production at midwestern cement mills declined 43½ per cent from January, though still totaling more than double the volume of shipments which registered the first February decline in our records (to 1925),

## LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	FEB. 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JAN. 1933	FEB. 1932	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	-1.5	-31.8	14
Sales in Board Feet.....	-20.5	-34.4	12
Accounts Outstanding <sup>1</sup> .....	-1.9	-23.3	12
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	+12.3	-15.0	170
Lumber Sales in Dollars.....	+4.2	-34.5	34
Lumber Sales in Board Feet.....	-24.1	-23.1	85
Accounts Outstanding <sup>1</sup> .....	-0.6	-17.5	163
Ratio of accounts outstanding <sup>1</sup> to dollar sales during month			
	FEB. 1933	JAN. 1933	FEB. 1932
Wholesale Trade.....	276.1	277.3	249.1
Retail Trade.....	470.5	533.4	486.9

<sup>1</sup>End of Month.

amounting to 7 per cent. Relative to February 1932, production was 36 per cent lower and shipments off 47 per cent. Stocks at the end of February gained 5 per cent over a month previous, but were 20 per cent under the same date a year ago. January distribution of cement in the five states of this district declined 21 per cent from December, and was 40 per cent under the same month of 1932.

#### BUILDING CONSTRUCTION

Total building contracts awarded in the Seventh Federal Reserve district, amounting to only 4 million dollars during February, were in less than half the volume of the first month of the year, and continued to reflect the low level of building activity in this territory. Residential awards, amounting to 17 per cent of the total, declined approximately \$100,000 from the January volume.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
February 1933.....	\$ 3,912,851	\$651,833
Change from January 1933.....	-52%	-15%
Change from February 1932.....	-78%	-78%
First two months of 1933.....	\$12,126,691	\$1,416,875
Change from same period 1932.....	-61%	-68%

\*Data furnished by F. W. Dodge Corporation.

A total of only 1,019 permits was issued during February in 100 cities of the Seventh district, representing an estimated cost of proposed work of about \$770,000. This small volume of estimated valuation represented a decline of 44 per cent from January and was 81 per cent below a year ago. The number of permits issued in reporting cities of the district dropped 23 per cent below a month previous and 49 per cent under last February. The five large cities in the district—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—each followed the downward trend of the district in the estimated cost of proposed construction.

#### Merchandising

Wholesale trade conditions in the Seventh district were in general less favorable during February than in January. With the exception of groceries which showed little change in sales volume from a month previous, as against a 4 per cent decline in the ten-year average for February, and hardware where the 4 per cent gain recorded was somewhat greater than seasonal, reporting lines of trade either showed heavier than usual declines during the period or decreased contrary to trend. The drop of 17 per cent from January in the dry goods trade was in contrast to

#### WHOLESALE TRADE IN FEBRUARY 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-14.6	-22.1	-2.0	-21.2	145.4
Hardware.....	-32.3	-21.4	-15.8	-31.7	421.6
Dry Goods.....	-36.6	-24.5	-28.8	-28.1	355.2
Drugs.....	-30.3	-27.4	-9.1	-37.6	277.3
Shoes.....	-33.1	-28.5	-56.9	-37.6	339.3
Electrical Supplies.....	-37.2	-24.5	-19.7	-38.5	283.1

an increase of 4 per cent in the average and that of 9 per cent in shoes to a seasonal gain of 21 per cent. The recessions of 16 and 7 per cent in the drug and electrical supply trades, respectively, compared with declines of only 5 and 4 per cent in the February average. All groups except groceries recorded larger decreases in the year-ago comparison than in January. Ratios of accounts outstanding on February 28 to net sales during the month were higher in most groups than either a month previous or a year ago.

The decline of 4 per cent from the preceding month in February department store trade of the Seventh district compared with a recession of only ½ per cent in the 1923-32 average for the period. Trends varied considerably as among the larger cities of the district, sales by Chicago stores gaining one per cent in the aggregate over January, and those by Milwaukee firms declining only one per cent, while business in Detroit fell off 20 per cent from a month previous and in Indianapolis 12 per cent, trade in the two last named cities being considerably affected by banking disturbances during the latter part of the month. February sales of stores in other cities of the district totaled 2½ per cent smaller than in January. Comparisons with a year ago to a great extent reflected these conditions, as may be noted in the table. Daily average sales for February were almost equal to those of January, and were only 22 per cent below last February as against a decline of 25½ per cent shown in aggregate sales, there having been one more trading day in the month last year. An increase of 4 per cent took place in stocks on hand at the end of February over a month previous, which expansion is in line with that recorded in recent years.

The retail shoe trade experienced a smaller than seasonal recession in February, sales of reporting dealers and department stores declining only 5½ per cent from the preceding month, whereas the 1926-32 average for the month shows a decrease of 9 per cent. As compared with last February, however, sales totaled 32 per cent smaller, as against a decline of 28 per cent in the year-ago comparison for January. Stocks were increased moderately during the period.

Sales of furniture and house furnishings by dealers and department stores failed to expand as much as usual in February, the gain over the preceding month amounting to but 5 per cent as against an increase of 17½ per cent in the 1927-32 average for February. Furthermore, a decline of 37 per cent from last February compared with one of only 32 per cent in the year-ago comparison for January. An increase of 2½ per cent took place in stocks during the month.

#### DEPARTMENT STORE TRADE IN FEBRUARY 1933

LOCALITY	PER CENT CHANGE FEBRUARY 1933 FROM FEBRUARY 1932		PER CENT CHANGE FIRST TWO MONTHS 1933 FROM SAME PERIOD 1932	RATIO OF FEBRUARY COLLECTIONS TO ACCOUNTS OUTSTANDING JANUARY 31	
	NET SALES	STOCKS END OF MONTH		1933	1932
Chicago.....	-18.7	-16.3	-19.2	21.9	23.3
Detroit.....	-42.7	-24.8	-34.3	25.9	35.0
Indianapolis.....	-24.4	-20.8	-20.6	37.3	38.8
Milwaukee.....	-23.8	-23.9	-27.3	29.2	31.1
Other Cities.....	-27.0	-28.1	-24.6	30.9	27.9
7th District.....	-25.5	-20.6	-23.9	27.7	29.9



With the exception of grocery and five-and-ten-cent store chains, reporting chains in the district experienced a falling off in sales during February. The dollar volume sold by fourteen chains operating 2,570 stores totaled one

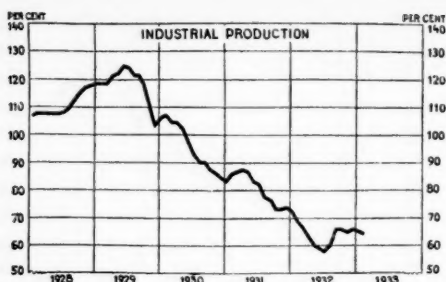
per cent less for the month than in January and was 12 per cent under that of February 1932. Drug, shoe, cigar, men's clothing, and musical instrument chains shared in the declines shown from the preceding month.

### MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

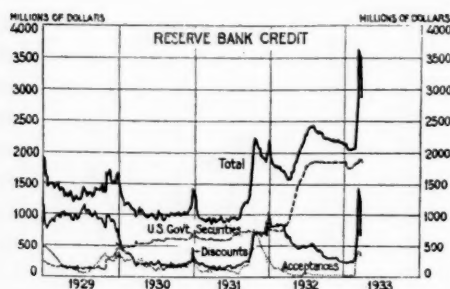
(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932	Oct. 1932	Sept. 1932	Feb. 1932	Jan. 1932	Dec. 1931	Nov. 1931	Oct. 1931	Sept. 1931
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	63	44	46	46	49	58	57	53	58	58	65	79	74
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	14	10	11	10	11	10	11	15	16	19	18	20	20
In Tons.....	14	10	12	10	12	10	11	14	15	20	19	20	19
Malleable—In Dollars.....	21	11	11	11	10	9	8	16	15	15	13	16	17
In Tons.....	21	20	20	18	16	16	14	28	26	26	21	25	26
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	11	34	22	46	71	101	81	43	32	58	87	143	111
<b>Furniture—</b>													
Orders (in dollars).....	17	24	24	15	19	29	31	30	38	22	32	39	44
Shipments (in dollars).....	17	21	18	17	24	32	30	32	24	30	35	43	46
<b>Flour—</b>													
Production (in bbls.).....	25	87	99	106	108	117	114	96	98	98	105	125	123
<b>Output of Butter by Creameries—</b>													
Production.....	67	86	93	86	77	92	92	93	92	91	88	100	93
Sales.....	69	91	89	89	97	87	89	93	91	104	90	102	101
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	29	49	52	65	64	65	70	61	60	67	68	76	86
Hardware.....	12	22	21	30	36	43	42	32	30	46	47	57	54
Dry Goods.....	9	21	24	26	34	37	40	34	30	39	43	49	53
Drugs.....	13	49	58	60	56	58	61	67	66	72	70	79	78
Shoes.....	6	19	21	22	39	36	45	29	25	37	44	60	61
<b>Retail Trade (Dept. Store)—</b>													
Net Sales (in dollars):													
Chicago.....	23	45	44	93	61	66	61	54	54	127	75	83	72
Detroit.....	5	40	48	108	70	73	87	75	65	149	92	95	123
Indianapolis.....	5	46	52	104	66	77	76	60	62	134	80	90	89
Milwaukee.....	5	46	47	101	74	78	66	61	68	141	92	102	89
Other Cities.....	44	38	40	83	57	60	56	52	50	117	76	84	71
Seventh District.....	82	43	45	96	64	68	66	59	57	131	80	88	84
<b>Automobile Production—(U. S.)—</b>													
Passenger Cars.....	31	37	29	16	12	22	22	32	34	33	17	20	37
Trucks.....	41	58	56	32	36	52	52	62	55	63	52	58	83
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....	2	3	3	5	7	7	7	10	5	9	12	17	18
Total.....	6	12	14	20	17	32	32	26	18	22	31	27	49
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....	21	19	19	19	20	20	20	40	41	41	41	41	43
United States.....	20	19	18	21	21	20	20	34	32	32	38	39	40
Steel Ingot Production—(U. S.)*.....	33	29	24	29	31	28	28	44	42	38	48	44	45
Unfilled Orders U. S. Steel Corp.....	39	40	41	41	42	42	42	53	56	57	61	65	66

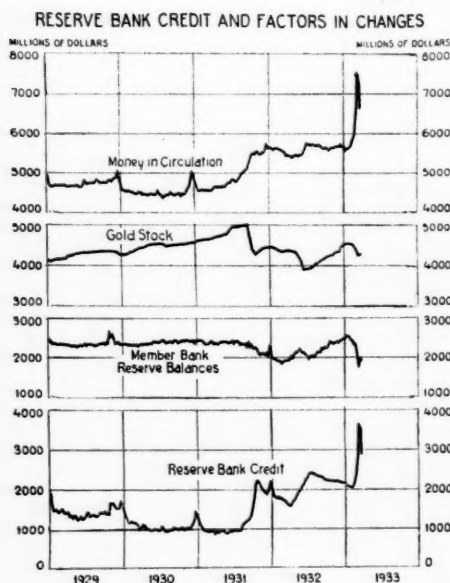
\*Average daily production.



Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



Wednesday figures for twelve Federal Reserve banks. Latest figures are for March 22, 1933.



Wednesday figures for twelve Federal Reserve banks. Latest figures are for March 22, 1933.

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## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

THE course of business in the latter part of February and the first half of March was largely influenced by the development of a crisis in banking, culminating in the proclamation on March 6 of a national banking holiday by the President of the United States. Production and distribution of commodities declined by a substantial amount during this period, but showed some increase after banking operations were resumed in the middle of March.

### PRODUCTION AND EMPLOYMENT

Volume of output at factories and mines, which usually increases at this season, showed little change from January to February, and declined considerably in the first half of March. In the steel and automobile industries output decreased between the middle of February and the middle of March; subsequently, some of the automobile plants which had been closed resumed operations, while activity at steel mills showed little change. In February, output at cotton and woolen mills continued at the level prevailing in January, while at silk mills activity declined. Shoe production increased by more than the usual seasonal amount.

Reports from important industrial states indicate that factory employment increased between the middle of January and the middle of February, as is usual at this season.

Construction contracts awarded up to March 15, as reported by the F. W. Dodge Corporation, indicate that for the first quarter of the year the total value of contracts will show a considerable decline from the fourth quarter of 1932.

### DISTRIBUTION

Freight traffic, which usually increases at this season, showed little change from January to February, on a daily average basis, and declined considerably in the first two weeks of March. Department store sales in the country as a whole were at about the same rate in February as in January, but were substantially smaller in areas affected by suspension of banking operations; early in March, sales were sharply reduced, but with the reopening of banks showed some increase.

### WHOLESALE PRICES

Wholesale commodity prices declined somewhat further in February. In the early part of March the commodity exchanges were closed; when they reopened on March 15 and 16, prices of grains, cotton, silk, nonferrous metals, hides, and sugar were substantially above those prevailing at the beginning of the month; subsequently, prices of many of these commodities declined somewhat.

### BANK CREDIT

During February, member banks in leading cities were subjected to withdrawals of deposits on a large scale, reflecting in part withdrawals of balances by interior banks from their city correspondents and in part withdrawals of currency by the public. As a consequence, net demand deposits of these banks declined by \$1,306,000,000 during the month, and their time deposits by \$360,000,000. In order to meet these withdrawals the banks reduced their loans by \$539,000,000, partly through the sale of acceptances to the Federal Reserve banks, and their investments by \$363,000,000. They also increased considerably their borrowings at the reserve banks. March figures for member banks are incomplete.

At the Federal Reserve banks, the banking crisis manifested itself between February 1 and March 4 in a domestic demand for \$1,833,000,000 of currency, including about \$300,000,000 of gold and gold certificates, and in a foreign demand for about \$300,000,000 of gold. As a consequence, the reserve ratio of the Federal Reserve banks declined from 65.6 per cent to 45.0 per cent. This reflected a loss of \$655,000,000 in reserves and an increase of \$1,436,000,000 in Federal Reserve note circulation, offset in part by a decrease of \$486,000,000 in deposit liabilities.

Between March 4 and March 22, there was a return flow to the reserve banks of \$558,000,000 of gold coin and gold certificates and of \$319,000,000 of other currency, and the reserve ratio advanced to 55.5 per cent. Discounts for member banks, which had increased to \$1,432,000,000 by March 4, declined to \$671,000,000 on March 22.

Money rates in the open market advanced during the banking crisis, and upon the resumption of business after the banking holiday, rates were at considerably higher levels than those prevailing on March 3. Subsequently, rates declined as more funds became available to the market. On March 3, the discount rate of the Federal Reserve Bank of New York was raised from  $2\frac{1}{2}$  to  $3\frac{1}{2}$  per cent, and on March 4, there was a similar increase at the Federal Reserve Bank of Chicago. The New York reserve bank's buying rate on bills was raised by successive steps from  $\frac{1}{2}$  of 1 per cent on February 26, for bills of the shorter maturities, to  $3\frac{1}{4}$  per cent on March 3. On March 13 the rate for these maturities was raised to  $3\frac{1}{2}$  per cent; subsequently, the rate was reduced and on March 22 was 2 per cent.



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